

State's first charter school was overpaid \$200,000

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First Place Scholars, the state's first charter school, got more state money than it should have after providing inaccurate information, says the audit, part of an investigation that began last year when the school was put on probation.

By [John Higgins](#)

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First Place Scholars, the state's first charter school, received about \$200,000 more public money than it should have in the 2014-15 school year because the Seattle school reported incorrect information about its staff and enrollment, according to the Washington State Auditor's Office.

The audit, released Monday, also found that First Place Scholars:

- Did not properly account for the use of some public funds;
- Inappropriately mixed business expenses of First Place's private parent organization with those of the public charter school;
- Failed to follow provisions of the state's open-meetings laws.

The state's Charter School Commission had already reported those problems, and the school remains under close watch as it starts its second year.

But the commission also has noted that the school has made many improvements after a very rocky start.

Nevertheless, the future of First Place and the state's other eight charters looks bleak, given the state Supreme Court's decision earlier this month that charters aren't entitled to public funding because they are not governed by publicly elected boards.

The auditor's report said that many of First Place's issues in its inaugural year "stemmed from the school management's lack of understanding of government accountability standards."

In its written response, the school said it has made improvements to correct the problems.

“Well, it wasn’t a surprise,” said First Place board president Dawn Mason about the audit’s findings. “I think we understood the depth of the problem.”

“We as a community on October 28 restructured First Place because it was not being operated or governed or managed in a way that the stakeholders believed it should have been managed,” she added.

The Office of Superintendent of Public Instruction (OSPI) will seek repayment of at least \$163,000, spokesman Nathan Olson said.

That’s how much First Place received for students who never attended First Place, Olson said.

The school overestimated its initial enrollment and decided not to correct that in the first year, which is allowed, though charter schools must make up the shortfall in their second year of operation, according to a letter OSPI sent the school in March.

The other \$37,000 stems from additional problems that auditors found with the way that First Place accounted for the students who were enrolled.

Mason said the school intends to repay what it owes.

First Place opened as a charter school in September 2014, the first charter to open after Washington voters narrowly approved a law in 2012 allowing such publicly funded, privately run schools to operate here.

Eight other charters opened a few weeks ago, but all nine are now in jeopardy because of the Supreme Court ruling.

The Attorney General and the Washington State Charter School Association have said they will ask the justices to reconsider their decision. And although charters’ long-term future is uncertain, First Place and the other schools have been promised enough funding, mostly through private donations, to remain open through this school year.

All of the charters that opened this fall were [new schools](#). First Place, in contrast, operated for nearly three decades as a private school. It serves mostly homeless children in Seattle's Central District.

The Washington State Charter School Commission, which oversees First Place and six other schools in the Seattle-Tacoma area, put First Place on probation in December after learning the school was not fulfilling its obligations to serve special-education students and that its school-board president, principal and more than half the board had resigned.

As part of that oversight, the commission also asked the state auditor's office to look into the finances of the nonprofit running the First Place school.

That audit began in February, which is also when the commission launched a second inquiry, asking for assurance that the school was financially viable, especially after enrollment had declined.

The commission believed the school's new leadership made enough progress to warrant [giving First Place "a final opportunity"](#) in June to prove it could do the job outlined in its charter contract, and allowed the school to go forward with its second year.

"This (the audit) just verified that our suspicions were confirmed," said Joshua Halsey, executive director of the state charter-school commission. "There's a lot of work that First Place has done ... to remedy these findings."

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